

Message Text

SECRET

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20

ACTION NEA-07

INFO OCT-01 SS-14 ISO-00 PM-03 DODE-00 NSC-05 NSCE-00

CIAE-00 INR-05 OMB-01 EB-03 TRSE-00 IGA-01 SP-02 /042 W

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P 151124Z FEB 76

FM AMEMBASSY AMMAN

TO SECSTATE WASHDC PRIORITY 6960

INFO AMEMBASSY JIDDA PRIORITY

S E C R E T AMMAN 0812

LIMDIS

E.O. 11652 GDS

TAGS: MASS JO US

SUBJECT: HAWK-VULCAN FINANCING

REF: STATE 034153, AMMAN 0810

1. AS INDICATED REFTEL (AMMAN 0810) EMBASSY (DATT TO JAF CINC) IS PROVIDNG A LETTER SETTING FORTH THE LATEST STATUS REPORT ON HAWK-VULCAN FINANCING AS PROVIDED TO US IN STATE 034153.

2. IN DDITION AMBASSADOR IS FORWARDING A COPY OF THE LATTER TO THE PRIME MINISTER WHO IS ALSO MINISTER OF DEFENSE AND MINISTER OF FOREIGN AFFAIRS.

3. TEXT OF LETTER FOLLOWS:

BEGIN TEXT

"DEAR GENERAL BIN SHAKER:

1. IN THE INTEREST OF KEEPING YOU IFORMED REGARDING THE STATUS OF FINANCING FOR JORDAN'S AIR DEFENSE PROGRAM YOU SHOULD BE ADVISED THAT THE DEPARTMENT OF THE ARMY HAS ISSUED LETTER ORDER CONTRACTS FOR GROUND

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SUPPORT EQUIPMENT AND TRAINING SIMULATORS AMOUNTING TO

\$155.3 MILLION. NO FURTHER CONTRACTS WILL BE LET PENDING RECEIPT OF NECESSARY FUNDING PRIOR TO FEBRUARY 29. THIS REGRETTABLE SITUATION WILL INEVITABLY RESULT IN SOME COST INCREASES AND SLIPPAGE OF DELIVERY SCHEDULES, AND THESE ARE LIKE TO BECOME MORE EXTENSIVE AS DELAY IN JORDAN'S DEPOSIT OF PAYMENTS CONTINUES. AN ADDITIONAL \$98 MILLION IN PRODUCTION CONTRACTS COULD BE LET IN FEBRUARY IF FUNDS ARE RECEIVED.

2. THERE IS NO LIKELIHOOD THAT FURTHER EXTENSION OF THE FEBRUARY 29 EXPIRATION DATE WILL BE GRANTED. AT THAT TIME IT WILL REGRETABLY BE NECESSARY TO TERMINATE EXISTING CONTRACTS WITH MANUFACTURERS AND TERMINATION COSTS WILL BE FORWARDED TO THE GOVERNMENT OF JORDAN. THESE TERMINATION COSTS ARE ESTIMATED AT \$12 MILLION BASED ON A CANCELLATION DATE OF MARCH 1.

3. IT IS MOST UNFORTUNATE THAT AN ORIGINALLY WELL PLANNED PROGRAM RESPONSE TO JORDAN'S LEGITIMATE DEFENSIVE NEEDS, SHOULD PRESENTLY BE EXPERIENCING SUCH MAJOR DIFFICULTIES. I SINCERELY FEEL THAT THE DEPARTMENT OF DEFENSE HAS STRETCHED ITSELF TO THE MAXIMUM BY PROVIDING THE OUTLAY OF FUNDS FROM THEIR RESOURCES IN A GENUINE ATTEMPT TO KEEP THE DESIRED DEPLOYMENT ON SCHEDULE AND COSTS AT A MINIMUM.

4. HOPEFULLY THE FINANCIAL TRANSFER REQUIRED TO KEEP THE AIR DEFENSE PROGRAM VIABLE WILL SOON BE FORTH COMING, AND WE CAN THEN PROCEED WITH MINIMIZING THE EFFECTS ON THE JORDAN PROGRAM".

END TEST
PICKERING

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NNN

Message Attributes

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Draft Date: 15 FEB 1976
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Margaret P. Grafeld
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04 MAY 2006

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TAGS: MASS, JO, US, SA
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